

Insecurity, Productivity and Socio-Economic Development: A Reverse Causality in Nigeria

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ABSTRACT

Insecurity has been one of the many challenges implicated as the biggest developmental and growth obstacle facing Nigeria as a nation. Since the independent in 1960, the country developmental strides have been hampered by one form of insecurity or the other. Over two decades, the steady rise of insecurity in Nigeria has fuelled the crime rate and terrorists attacks in different parts of the country, leaving unpalatable consequences for its socio-economic development and growth. Development experts have often blamed the deteriorating security situation in the country to the daunting developmental challenges which pose serious threat to socio-economic development. The country over the decades has experienced high rate of poverty, youth unemployment, widening income disparity, clashes and conflict, and violence among others with over 70% of her population living below poverty line. Security is undoubtedly the pillar upon which every meaningful development could be achieved and sustained. Lend credence to this assertion, most advanced nations of the world place high premium on security. Whilst Nigeria is richly blessed with abundant natural resources and human capital, negligence to numerous challenges of insecurity of the environment appears to have created porous security condition that engendered violence and retards growth and development. This paper is designed to empirically establish the nexus between insecurity and productivity in Nigeria. It also estimates the effect of insecurity on sustainable growth in Nigeria. Noting that insecurity affect growth with time lag, an Autoregressive Distributed Lag (ARDL) Model is built for the analysis. It is expected that security exacts positive time lag effects on growth, whilst insecurity negates sustainable growth.

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I. INTRODUCTION

Insecurity is a horror of the mysterious. It is a feeling of anxiety and unsafe. Consequently, a state of being incapable to secure lives and property. It varies and includes job, political, economic, social and environmental insecurity to cite but a few. Insecurity is caused by imposition of ostracized policies, corruption, unemployment, poverty, intimidation, inequity and uneven development. This influences negative picture of the country, political volatility and economic stagnation.

The symbiotic bond linking insecurity, productivity and sustainable economic growth cannot be diluted. The interplay between the environment and the economy remains at the heart of sustainable development (Pearce & Barbier, 2000). In Africa, Nigeria is a country blessed by vast human and natural resources. It is expected that the exploitation and utilization of these resources will no hesitation enhance the growth of the nation, but in spite of the exploitation and utilization of these resources, the nation is bedeviled by serious crises of national security and economic growth.

The productive formation of a country determines the intensity of economic growth (Todaro, 2007). This enhanced labour efficiency is improved through investment in human capital. UNDP (2010) observed that no country has achieved sustained economic development without substantial through increased productivity. Labour productivity is an important economic indicator that is closely linked to economic growth, competitiveness, and living standards within an economy. It represents the total volume of output (measured in terms of Gross Domestic Product, GDP) produced per unit of labour (measured in terms of the number of employed persons) during a given time reference period. The indicator allows data users to assess GDP-to -labour input levels and growth rates over time, thus providing general information about the

efficiency and quality of human capital in the production process for a given economic and social context, including other complementary inputs and innovations used in production.

Productivity was one of the indicators used to measure progress towards the achievement of the Millennium Development Goals (MDGs), under Goal 1 (Eradicate poverty and hunger), and it was included as one of the indicators proposed to measure progress towards the achievement of the Sustainable Development Goals (SDG), under Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) (Freeman, 2008).

The national security of any nation encompasses other vital areas such as environmental protection, social and food security and more especially the prevalence of internal peace. Without adequate security of lives and property, the system will be rife with lawlessness, chaos and eventual disintegration. It might be military, economic, ideological or cultural (Omede, 2011). The people must not only be secured from external attacks but also from devastating consequences of internal upheavals, unemployment, hunger, starvation, diseases, ignorance, homelessness, environmental degradation and pollution cum socio-economic injustices. Security is vital for national cohesion, peace and sustainable development. It is therefore apparent that national security is a desideratum, sine qua non for economic growth and development of any country (Oladeji & Folorunso, 2007, Ewetan & Urhie, 2014).

National security is a veritable tool for the achievement of inclusive productivity, growth and consequently sustainable development. There are many opens security can guarantee in Nigeria given the demographic dividends. The youths that constitute about 60 percent of the Nigeria population which suppose to be at the centre of industrial impacts, agriculture, trade and commerce policy formulation and implementation, however because of the deplorable state of wellbeing in the country, a sizeable number of youths are now employed as touts and thugs by politicians to chaos at rallies.

Economic growth as a measurement of productivity for the nation that comes from the economic activities which are supported by the government's contribution to the business conduct and facilitation in terms of public goods creation. Lymer (2010) and Chigbu and Njoku (2015) are of the opinion that government should have a sound and fair fiscal policy which allows for economic stability, employment provision, externalities balance and sustained economy so that its nation should continually develop and secure its future for the citizenry.

The state of national insecurity in Nigeria has fuelled the crime rate and terrorist attacks indifferent parts of the country, leaving unpalatable consequences for the nation's economic growth. To address the threat to national security and combat the increasing waves of crime the federal government in 2013, 2014 and 2015 budget made huge allocation to security and the national assembly passed the Anti- terrorism act in 2011 (Ewetan, 2014). Regardless of these efforts, the level of insecurity in the country is still high, and a confirmation of this is the low ranking of Nigeria in the Global peace index (GPI, 2012, 2014 & 2016). Despite the plethora of security measures taken to address the daunting challenges of insecurity in Nigeria, government efforts have not produced the desired result. This has compelled the Nigerian government in the recent time to request for foreign aids from developed nations such as USA, Israel and EU countries to combat the rising waves of terrorism and insecurity.

The rising wave of crimes in the form of electoral malpractices, commercial violence or economic terrorism and motor par rent seeing among others are common cases to ponder. The huge infrastructure deficits - road, power, water etc., inadequate access to credit and disastrous policy regime constrain productivity towards achieving enhanced and sustainable economic wellbeing. The national security harms of Nigeria pivot on the factors of the country's economic underdevelopment, which has led to severe food shortage, persistent problem of unemployment, low level of output, large domestic debt, rising stock of external debt, low industrial output, high inflation rate, unstable and deteriorating exchange rate weak infrastructure base for technological growth, and explosive population growth, inadequate and inefficient public utilities (Ewetan, 2013).

Any country that seeks to achieve national security, productivity and economic growth with the above mentioned features has a bogus sense of security and development. Louis and Nathaniel (2015) investigated the effect of Insecurity on Economic Growth in Nigeria using vector autoregressive model of quarterly data, the finding show that economic growth and investment activities tend to increase during periods of insecurity. Following the conflicting views, it is very crucial to examine the effect insecurity on productivity in Nigeria as few empirical studies that tried to validate the association between national security and economic growth in Nigeria, ended with divergent views. To this end, existing studies have left some voids especially in insecure economy like Nigeria where this perspective investigation is lacking. Thus, this investigation is important as there is a potential in structurally moderating the insecurity-productivity relationship that previous studies have not rigorously investigated.

To fill this void, this paper innovatively unravels the effect of insecurity on productivity in Nigeria in two-folds. First, this paper examines the nexus between Insecurity and productivity using Nigerian data. Second, there is no recognized consensus as to which variable is best suited to measure insecurity and socioeconomic

development in Nigeria. Studies that investigated the insecurity – economic nexus with different measures subsequently come up with deferent results like in the case of Afolabi (2015) that examined the impact of insecurity on growth and development in Nigeria, the study found that there is a positive relationship between government expenditure on security and output and the result is consistent with the study by (callistar 2015) Against this background, the paper therefore seeks to examine the pertinent issue of Insecurity, productivity and economic development in Nigeria. The findings of this paper could be substantial to policy-makers in Nigeria and other nations facing security threat may wish to know the independent impacts of insecurity on productivity and economic growth

II. BRIEF LITERATURE REVIEW

2.1 Insecurity

Issues relating to security were on the front burner in the development discourse. Several attempts have been made since the cold war ended to redefine the concept of security. At the heart of this debate there have been attempts to deepen and widen the concept of security from the level of the states to societies and individuals, and from military to non-military issues (Nwanegbo & Odigbo, 2013, Ewetan & Urhie, 2014).

According to Williams, (2008), security as an essential concept is commonly associated with the alleviation of threats to cherished values, especially the survival of individuals, groups or objects in the near future. Adebakin, (2012) however defines security as activities that ensures protection of a country, persons, properties of the community against future threats, danger, mishaps and all other forms of perils. Babangida (2011) on the other hand views national security “as the physical protection and defence of our citizens and our territorial integrity and also the promotion of the economic wellbeing and prosperity of Nigerians in a safe and secure environment that promotes the attainment of our national interests and those of our foreign partners.”

Furthermore, Otto and Ukpere (2012) and Adebakin, (2012) asserts that “security means protection from hidden and hurtful disruptions in the patterns of daily life in homes, offices or communities. Security must be related to the presence of peace, safety, happiness and the protection of human and physical resources or the absence of crisis, threats to human injury among others”. Security is considered as any mechanism deliberately fashioned to alleviate the most serious and immediate threats that prevent people from pursuing their cherished values (Chris, 2012). Orji, (2012) posits that pivotal to the survival of any society is its law and order which are predicated on national security.

National security must be broadened to accommodate economic, environmental and demographic issues as they are important in understanding the new causes of intra-state conflicts. Other dangers that serve as threat to national security include pollution, poverty, crime, and underdevelopment all of which fuel conflicts (Onigbinde, 2008). The United Nations Development Programme (1994 & 1996) posits that human security (an aspect of national security) refers to “freedom from fear and freedom from want” and “safety from chronic threats such as hunger, disease, and repression as well as protection from sudden and harmful disruptions in the patterns of daily life – whether in homes, in jobs or in communities.” National security can summarily be describes as “protection from the threat of disease, hunger, unemployment, crime, social conflict, political repression, and environmental hazards” (UNDP, 1996).

2.1.2 Productivity

Productivity measures the nexus between the size and value of goods and services produced and the quantity of resources needed to produce. Productivity is viewed as the tool for unbroken progress, and of continuous improvement of activities. It is often seen as output per unit of input. Hence, higher productivity connotes achieving the equal degree of output with less factor inputs or more volume of output with the same amount of factor inputs. Thus, increased productivity could result from the reduction in the use of resources, reduction in cost, use of better methods or improvement in factor capabilities, particularly labour. Two variants of productivity measurements have been cited in the literature: total factor productivity and partial productivity. Roberts and Tybout (1997) and Tybout (1992), assuming a neo-classical production function at the sectoral or industry level, define total factor output to be a concave function of the vector of inputs and time

Studies on the nexus between productivity and economic growth show that productivity sway economic growth positively (Korkmaz & Korkmaz, 2017; Ngutsav, Akighir & Iorember, 2017; Jorgenson, 2009). In separate studies, Maddison (1987) reviewed global comparisons of sources of economic growth among industrialized countries. The centrality of incessant productivity enhancement in advancing societal growth has been well recognized in the literature. In spite of the universal consensus on the significance of productivity, many countries have not paid serious concentration to enhancing the level of productivity in their economies. Proof from Nigeria has shown that both the national and sectoral productivity measures have by and large reflected a waning trend over the past four decades.

2.1.3 Economic Development

According to Todaro development refers to the multidimensional changes involving progress or improvements in structures, institutions, the general aspects of life of a given people. This entails the acceleration of economic growth, decline of poverty, and the reduction of inequality. Growth theorists argued that development is an outcome of economic growth while other scholars like Rostow & Harrod-Domar (Todaro, 1982, Rostow, 1952, & Harrod-Domar, 1957 cited in Ewetan & Urhie, 2014) posited that economic development and growth result from structural changes, savings and investments in an economy. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment (Nwanegbo & Odigbo, 2013, Ewetan & Urhie, 2014). Ugoh & Ukpere, (2010), views national development as a qualitative and quantitative improvement in the living conditions of people of a state in line with national objectives, as indicated in its national development plans.

According to him, other key objectives of the development plans include: Reduction in the level of unemployment; equitable distribution of income; reduction in the incidence of poverty; improvement in the quality of life of the people; more employment opportunities; greater access to and ownership of houses; and access to basic necessities of life such as qualitative health services, potable water, education and electricity. It is when these objectives are achieved that one can talk of national development. Development is a process of bringing about fundamental and sustainable changes within society. He notes that development transcends as well as encompasses growth and embraces aspects of quality of life such as social justice, equal opportunity for all citizens, equitable distribution of income and democratization of the development process.

Nwanegbo and Odigbo, (2013) describes sustainable development as a construct, which envisions development as meeting the needs of a present generation without compromising the needs of a future generation. It implies that while development meets the needs of the present, it does not compromise the ability of a future generation in order to meet their own needs. Scholars have identified strong links between security and sustainable development since the cold war ended. Development cannot be achieved in any nation where there are conflicts, crisis and war. There is a consensus in the literature that security and development are two different and inseparable concepts that affect each other, and this has naturally triggered debates on security-development nexus. Viewed against the backdrop of the Brundtland report, its application to the peculiar condition of the Nigeria territory becomes critical.

2.1.4 Insecurity productivity and socio- economic development

The insurgency of Boko Haram in Northern Nigeria owing to religious misconceptions, government neglect, delayed and unfruitful response of security agencies makes it a sustained reality (Mbam, 2011). This makes productivity and consequently economic growth a herculean task. Agricultural products such as onions, yams, and beans are trapped in the North owing to terrorism resulting in high cost of food items. This situation renders traders who specialize in marketing of these commodities jobless. For example, on the 5th of July, 2019, 5 traders from Bodija market, Ibadan, Oyo State were murdered by Boko Haram members in the North. In total, Bodija market lost 14 of its members and an estimated 33 million Naira to two attacks in 2019 (Vanguard, 2019). Boko haram insurgency has claimed about 4000 lives, with about 300,000 people displaced while impacting negatively on the livelihoods of an estimated 6 million people (Blanchard, 2014). The aforementioned are not restricted to Nigeria alone. Other countries in Africa as Kenya, Sudan, Egypt and Mali suffer from insecurity. Zimbabwe and Libya experience advanced corruption. Niger republic is plagued with severe poverty in which businesses find it difficult to thrive.

Nigerian entrepreneurs are confronted with the problem of undercapitalization (Anyadike et al., 2012). Some traders sit behind wares not up to 5000naira (USD 22) from morning till night; a situation that depicts poverty. Inadequate access to credit as a result of high bureaucratic process of obtaining loans, and 'throat-cutting' interest rates charged by banks make businesses unprofitable.

The Nigerian business environment is characterized by bad roads, epileptic electricity supply, and inadequate access to potable water (Onukwuli et al., 2014). The high cost of transportation resulting from deplorable state of roads in the country and cost of purchase and maintaining generators (on account of epileptic power supply) account for high production costs obtainable in Nigeria. A recent study by the Nigerian Customs Service awarded Nigeria the ridiculous honour as the continent's biggest importer of generators. Private entities spend \$8 billion to import generators annually. Estimated 60million Nigerian residents spent \$13.35 billion on fuelling generators in 2012 (GGA, 2013). Inadequate access to basic infrastructure has resulted in high production costs and outright loss of goods in extreme cases. International business organisations with sophisticated technologies, low labour cost and good business environment access Nigerian markets resulting in dumping. This situation renders Nigerian products too costly and inferior in the sight of consumers.

Government policies are inconsistent and contradictory (Agwu and Emeti, 2014). For instance, while there is local rice in Abakaliki (Ebonyi State), Erinmo (Osun State) and Igbimo rice (Ekiti State) among others, government subsidizes foreign rice. The agricultural enterprise being a risky and Welfare impacts of social grants in Thulamela local municipality of Limpopo Province South Africa rain-fed business, instead of being subsidized by government is taxed heavily. Inconsistency in government policies has led to business failures. The basis of formulating most of the policies is wrong, coupled with poor implementation has led to policy summersault in some cases.

There is low funding to protect SMEs and when provided, they are diverted to private pockets. Developmental projects are made unnecessarily complex to justify the corrupt huge expenses on them. Government at all levels; spend the bulk of Nigerian budget on large and difficult-to-manage projects to encourage fraud through project execution. A high proportion of Nigerian budget is spent on defence and infrastructure rather than provision of necessary public services such as health, roads, housing, schools, electricity and water. Registering of new businesses is faced with bureaucratic complexities and fraud. In fact, Nigeria ranks 129th out of 189 countries in the starting a business index (World Bank, 2014). There is double counting in government taxation; however some corrupt Nigerians evade tax. Nigeria ranks 7th in money laundering index with \$12.9 billion being laundered by Nigerian leaders between 2001 and 2010 (Kar and Freitas, 2010). However, proceeds from drug trafficking, human smuggling, and other criminal activities which are often settled in cash were not included in the estimate. If the \$12.9 billion is spent on provision of public services and monitored, SMEs will flourish consequently leading to economic development.

Weak security system is one of the major contributory factors to the level of insecurity in Nigeria. According to Olonisakin (2008), the police-population ratio in Nigeria is 1 per 450 people which falls below the standard set by the United Nations. The implication of this is that Nigeria is grossly under policed and this partly explains the inability of the Nigerian Police Force to effectively combat crimes and criminality in the country.

Achumba (2013) observe that, the porous frontiers of the country, where individual movements are largely untracked have contributed to the level of insecurity in Nigeria. As a result of the porous borders there is an unchecked inflow of Small Arms and Light Weapons into the country which has aided militancy and criminality. Available data show that Nigeria host over 70% of about 8 million illegal weapons in West Africa (Edeko, 2011). Poor border made it easy for terrorists, human traffickers and drug barons to infiltrate the country and perpetrate heinous crimes and acts of terrorism (Edeko, 2011). There is endemic violence in Nigeria because of availability of, and access to weapons of various type (Onuoha, 2006). These weapons are not normally withdrawn from them and as such, they possess ready tools for kidnapping (Adegeko, 2009).

However, high incidence of poverty, absence of infrastructure and alienation of the local oil communities has engendered kidnapping. As a result of kidnapping, many would be investors declined doing business with the country and in fact many investors have moved out of the region with adverse effect on the economic development of the country. The thought about kidnapping is very frightening; the experience of the crime is traumatic to the victims and their relatives. Its effect on the psyche of the people and it poses serious challenge to various levels of government (Ikpong, 2008, Adegoke, 2007). The rate of kidnapping has taken a new and alarming dimension in Nigeria (Adegoke, 2008). Cases of kidnapping in the Nigeria have resulted in serious injuries, both for civilians, and soldiers. Medical records in the government hospitals show the level and extent of harm inflicted on the kidnapped. The total amount of ransoms paid in Nigeria between 2006 and 2008 exceeded \$100 million. One of the causes of kidnapping in Nigeria is widespread poverty and unemployment. Kidnapping scares away foreign investors. Some foreign multinational companies in the oil, construction and production sectors have closed shops and offices in Nigeria or abroad.

Kidnapping creates fear and insecurity. People live in fear of crime. It reduces the freedom of movement of the people in the affected areas. The social lives of the people has dramatically changed because many who consider themselves as potential victims now shun social outings or patronage of relaxation centres. It reduces the income from the oil as a source of revenue for Federal Government of Nigeria. As early as 2006, it was estimated that with the price of oil at \$58 per barrel, Nigeria will lose about \$6 million a day due to the closure of the Shell Exploration Production Company (SEPCO) facility (Emmanuel 2006).

III. EMPIRICAL REVIEW

Akpo and Hassan (2015) found that insecurity has a significant effect on economic development in Nigeria. Rapid economic growth and social well-being constitute the development imperative of developing countries of the world and indeed, remain the normative goal of the international community. This involves the attainment of sufficient levels of economic growth to allow for a progressive improvement in the material standard of living of the populace.

Otto and Ukpere (2012) carried out a research on the impact of national security on growth. the work was able to juxtapose the national security expenditure with economic growth to see, if there is any relationship between the spending pattern and growth. This is because growth is critical to development. A stagnating

economy is not likely to offer welfare improvements which development proxies. The work observes that there is a positive relationship between security and development in accordance with literature.

In another study by Odesuwa (2011), assert that insecurity in Nigeria has reduced the rate of foreign direct investment in the country. The period of 1990 to 1999 has average FDI inflows of 42% in Nigeria; however, the period of 2000 to 2009 gave an average rate of FDI inflows of 28%. The reduction in FDI inflows adversely affects exports and growth. Ngagi (2011) in empirical investigation used Granger tests to test whether growth promotes national security or whether national security is determined by the level of output. The finding based on this estimation was inconclusive in the sense that causality runs from economic growth to security. They do not show that national security has a significant impact on growth. In another scenario, Claudia (2010), for instance, also used Granger-Causality test and found that there is a bi-directional relationship between both cost of security and GDP. However, with advances in time series econometric techniques, more recent studies have tended to focus on vector error-correction model (ECM) and the cointegration approach, while others are based on the ordinary least squares (OLS) technique.

IV. METHOD OF ANALYSIS

This study examined insecurity and socio-economic development: a reverse causality in Nigeria. The study employs data mainly from the secondary source which are obtained from the CBN database. The time series data cover the period of 1990-2019. In an attempt to estimate the relationship between insecurity and socio-economic development: a reverse causality in Nigeria, the following were used; GNI per capita growth (GNIpc) as the dependent variable; while the productivity is measure by the employment rate, meaning that the higher the unemployment rate the lower the productivity in the economy. Thus, unemployment, total (% of total labor force) (UNR) is used to capture productivity. The insecurity is captured by the Political Stability and Absence of Violence/Terrorism (PST), and Military Expenditure (MEX), and Government Effectiveness (GEF) is brought into the model as a control variable.

Noting that insecurity may affect growth with time lag, an Autoregressive Distributed Lag (ARDL) Model is built for the analysis. It is expected that security exacts positive time lag effects on growth, whilst insecurity negates sustainable growth. The model is anchored on earlier studies like (Maduka, 2009; Odesuwa, 2011; Otto, 2012) with slight modification.

The models are specified in functional form below as;

$$GNIpc = f(PST, MEX, GEF) \text{ ----- } 1$$

$$UNR = f(PST, MEX, GEF) \text{ ----- } 2$$

Where GNIpc represents GNI per capita growth (annual %), PST is the political stability and absence of violence/terrorism rating of the country, MEX is the military expenditure (% of GDP), UNR is the total unemployment rate (% of total labor force) (UMP), and GEF is the government effectiveness measure.

Note that the national security measures in this study are in accordance with Ibrahim Index of national security in African including Nigeria. This measure consists of 100 indicators built up into 4 categories: Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development. It includes four data types from 36 different sources: Qualitative Assessment, Opinion Surveys, Official Data and Public Attitude Survey. The political stability and absence of violence/terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism. It ranges from approximately -2.5 (weak) to 2.5 (strong) national security and governance performance. On the other hand, the government effectiveness variable measures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

The econometric linear expression of the above model in equations 1 & 2 is presented as:

$$GNIpc_t = \alpha_0 + \alpha_1 PST_t + \alpha_2 MEX_t + \alpha_3 GEF_t + U_t \text{ ----- } 3$$

$$UNR_t = \alpha_0 + \alpha_1 PST_t + \alpha_2 MEX_t + \alpha_3 GEF_t + U_t \text{ ----- } 4$$

Where, α_0 is the intercept, U_t is the stochastic error term, $\alpha_1, \dots, \alpha_3$ are the parameters set for estimation. Expressing equations 3 & 4 as an Auto-Regressive Distributed Lag (ARDL) model, equations 5 & 6 are formulated.

$$GNIpc_t = \alpha_0 + \alpha_1 GNIpc_{t-1} + \alpha_2 PST_{t-1} + \alpha_3 MEX_{t-1} + \alpha_3 GEF_{t-1} + U_t \text{ ----- } 5$$

$$UNR_t = \alpha_0 + \alpha_1 UNR_{t-1} + \alpha_2 PST_{t-1} + \alpha_3 MEX_{t-1} + \alpha_3 GEF_{t-1} + U_t \text{ ----- } 6$$

Where t-1 is the first lag order of the variables.

V. RESULTS

The analysis starts with the unit root result conducted to ascertain the unit root structure of the variables. It shows that all the variables, with the exception of the GNIpc and PST, are integrated of order one, I(1).

4.1 Unit Root Test Result

Variables	ADF Stat	5%Critical Value	Order of Integration	Remark
GNIpc	-5.137714	-2.986225	I(0)	Stationary
UNR	-7.273091	-2.991878	I(1)	Stationary
PST	-5.730090	-3.020686	I(0)	Stationary
MEX	-4.737655	-2.991878	I(1)	Stationary
GEF	-8.558765	-2.976263	I(1)	Stationary

Source: Author's compilation using EViews9 output.

The dependent variable for the first model, GNIpc, is of zero integration order with the measure of insecurity (political stability and absence of violence/terrorism, PST). Also, in the second model, the dependent variable, unemployment rate is of the same integration order with military expenditure, MEX, and government effective, GEF. Thus, ARDL estimation model is suitable with the above integration pattern.

4.2 Summary of the estimated ARDL(d) Results

Variables	GNIpc ARDL(3, 4, 4)		UNR ARDL(4, 4, 4, 4)	
	Coefficient	t-stat.(Prob)	Coefficient	t-stat.(Prob)
D(GNIPC(-1))	-1.545688	-4.830590(0.0048)**		
D(GNIPC(-2))	-0.211881	-0.628942(0.5570)		
D(GNIPC(-3))	-0.375597	-1.739649(0.1424)		
D(UNR(-1))			-0.517626	-1.331532(0.2538)
D(UNR(-2))			-0.874273	-1.382674(0.2389)
D(UNR(-3))			0.603298	1.205651(0.2944)
D(UNR(-4))			-0.335379	-1.171492(0.3064)
D(PST)	-11.68907	-2.801963(0.0379)*	-10.57736	-3.444953(0.0137)**
D(PST(-1))	-8.234188	-1.574683(0.1761)	-8.561054	-1.985984(0.0942)
D(PST(-2))	-15.05704	-2.811166(0.0307)*	-15.05704	-2.811166(0.0307)*
D(PST(-3))	-13.29857	-2.299988(0.0591)*	-13.29857	-2.299988(0.0511)*
D(PST(-4))	-12.11385	-2.453396(0.0577)*	-6.613029	-1.493510(0.1859)
D(MEX)	12.13603	3.080551(0.0275)*	10.70254	3.616936(0.0111)**
D(MEX(-1))	-21.39111	-3.375011(0.0275)*	-19.47904	-3.855558(0.0084)**
D(MEX(-2))	23.69953	4.201980(0.0085)**	22.32020	4.338188(0.0049)**
D(MEX(-3))	23.26355	3.535653(0.0166)**	16.61215	2.245324(0.0559)*
D(MEX(-4))	17.37417	1.698094(0.1502)	8.414547	1.212034(0.2711)
D(GEF)	-56.34760	-2.434328(0.0599)*	-55.60695	-2.603966(0.0404)*
D(GEF(-1))	-51.94105	2.571817(0.0499)*	-53.58308	2.362433(0.0561)*
D(GEF(-2))	-5.314173	-0.241836(0.8185)	-13.23374	-0.744507(0.4847)
D(GEF(-3))	-40.59373	2.334188(0.0558)*	-27.43533	1.720038(0.1362)
D(GEF(-4))	-13.13543	-0.935493(0.3925)	-24.55738	-1.846561(0.1143)
C	0.165967	0.089039(0.9325)	-40.93602	-2.346012(0.0574)*
R-squared	0.965499		0.887519	
DW-statistic	1.821608		2.196169	

Key: * and ** represents 1% and 5% level of significance, respectively.

Table 4.2 result shows dynamic negative impact of productivity and economic growth on its current states. It indicates that a unit increase in their respective shocks in the current year decreases gross national income per capita (GNIpc) by 1.5units and productivity by 0.5units in the preceding year, other factors remaining constant. That is shocks in GNIpc negatively and significantly impact its performance in the next year, but that of productivity, though, negative but insignificantly impact its subsequent performances in the preceding years. The above finding corroborates the work of Stewart (2004), who finds that threats to security can have spillover effects including socioeconomic roots, contests over natural resources, environmental degradation, economic and social inequalities, economic and political migration, natural disasters, among others.

The direct negative impact of national security challenges on both productivity and economic growth is alarming in Nigeria. Table 4.2 result indicates that a unit increase in national security (the level of political instability and violence/terrorism, PST, rating of the country) concerns would decrease GNIpc by 11.7units and productivity by 10.6units in the current year. This impact would reduce in a one year lag to 8.2units for GNIpc, and 8.5unit to productivity measure, other factors remaining fixed. The impact of PST would increase in the lag 2 period, with 15.1unit impact on both GNIpc and productivity, respectively. The negative impact of insecurity on productivity and economic growth goes beyond two years lag, however, after the 2nd years lag, the impact would slow down gradually. For the GNIpc, it slowed from 15.1units impact in the 2nd year to 13.3units in the 3rd year and 12.1units in the 4th year respectively, while that of productivity shows a slowdown from 15.1unit in the 2nd year to 13.3units in the 3rd year and 6.6units in the 4th year respectively.

The above finding is in line with literature, lack of security negatively affect productivity by increasing unemployment. It results in the shutdown of businesses and the relocation of companies from unsafe to safe havens. Stewart (2004) stressed that the economic cost of insecurity as enormous, as people who joined the fighting forces or killed or flee as a result of national security challenges, can no longer work productively. Schools, power stations, and roads that are destroyed during crises period and this reduce the productive capacity of the economy. Displacement of people during national security crisis reduces the production of exports, thereby reducing foreign exchange earnings, import potentials and consequently further constraining output, leading to a decline in employment and earnings (Achumba & Ighomereho, 2013). People affected by insecurity are not only uncertain or unaware of what would happen but they are also not able to stop it or protect themselves when it happens. In his own, Onime, (2018), find that insecurity affects economic growth by drying-out investments, increases unemployment and dwindles government revenue, amongst others.

Another insecurity variable introduced into that analysis is the level of military expenditure (MEX) in the economy. It is believe that the high the national security challenges, the high the level of military expenditure by the government. In effect, the study result shows that military expenditure would significantly and positively impact on productivity and economic growth in the current year, but decrease both productivity and economic growth in the preceding one year lag. It shows that a unit point increase in MEX would increase productivity by 10.7units and economic growth by 12.1units, other factors remaining fixed. The result further shows that a unit point increase in military expenditure, in a one year lag, would decrease productivity by 19.5units and economic growth by 21.4units, respectively.

The result also indicate that, apart from the negative impact of national security challenges to productivity and economic growth in Nigeria, another major determinant is the effectiveness of the governance. The poor rating of the country's government effectiveness indicates huge negative impact on both productivity and economic growth. Unit point increase government ineffectiveness (low effectiveness rating) would decrease productivity by 55.6units and economic growth by 56.3units. In one year lag, the negative effect of poor governance on productivity reduces to 53.6units, while that of economic growth reduces to 51.9units, other variables remaining constant.

VI. CONCLUSION

Any country or state replete with security challenges can hardly attract meaningful investments that create wealth or grow her economy. This paper examined the nexus between insecurity, productivity and economic growth in Nigeria. The severity and intensity of security challenges in Nigeria have derailed the nation from its growth trajectory. Productivity and economic growth have been badly challenged due to massive and still growing unemployment in the land. The level and severity of security challenges in the nation have casted doubt on the seriousness of the government of the nation. Government effectiveness of the nation has been very low. Economic analysts have called for concerted and well-articulated security policies to address the hydra-headed problem. Many have suggested the need for holistic and sustainable measures, understanding the root causes of insecurity so as to target the right solution to addressing the challenge. Such solutions must be such that should be long lasting and all-encompassing to avoid a recurrence.

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